

CONNECTICUT GENERAL ASSEMBLY  
2022 SESSION

TESTIMONY OF David H. Pilon  
TO THE HOUSING COMMITTEE  
ON SENATE BILL 303  
AN ACT CONCERNING RENTERS IN COMMON INTEREST OWNERSHIP COMMUNITIES

Good afternoon Senator Lopes, Representative Williams, Senator Anwar, Representative Smith, Senator Cicarella, Representative Polletta and members of the Housing Committee.

My name is David Pilon. I am an insurance broker at West Hartford-based Bouvier Insurance where my expertise is insuring community association master policies. Our agency serves roughly 1,200 community associations, the vast majority of which are Connecticut-based. I carry the Condominium Insurance Risk Management Specialist, or CIRMS, designation and am a member of the Community Association Institute - Connecticut Chapter Legislative Action Committee. Until 2019 I volunteered as the president of a 380-unit homeowner association where I reside in Farmington.

Bouvier Insurance directly represents nearly 20 insurance carriers who write community association master policies in the state. While their underwriting guidelines vary, all insurers specifically ask for the current number of non-owner occupied units on their applications. The reason being is that units with a higher amount of renters tend to have less favorable underwriting results, both property related losses and, particularly, bodily injury related general liability claims.

This trend of higher loss frequency and severity as the number of tenant occupied units increase is time-tested and consistent enough such that almost all carriers have a limit at which they will no longer consider a complex a condominium association and instead will choose to reclassify such associations as apartments or simply decline to insure them altogether. Apartment insurance rates are, across the board, higher than those of owner occupied communities; in some cases, significantly higher.

As to the rental count “cut-off” points at which an insurer will reclassify a condominium to an apartment for rating purposes, they vary by carrier but the general rule of thumb in Connecticut is once a community reaches the 25% renter level, carriers begin to fall off the eligibility list. Once you hit 50% plus, virtually all carriers that we represent will surcharge that association, reclassify it as an apartment for rating purposes or simply decline the risk altogether.

This legislation may have the unintended consequence of not only significantly altering the owner occupant’s community living experience and potentially impact the value of the unit, it will cost them more in monthly common charges in order to cover the increase costs of insurance. In closing, while some associations in the state, particularly “conversions” which had been built as apartments are more conducive to apartment style living, this rule, applied on a blanket basis, will handcuff boards that may wish to preserve the owner-occupant environment that was the cornerstone of condominium ownership when this concept was first introduced.

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Thank you for the opportunity to provide this testimony and I would be happy to discuss this further should there be any additional questions.

Sincerely,

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